



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2003
OF THE CONDITION AND AFFAIRS OF THE

Cape Health Plan, Inc.

NAIC Group Code 0000 0000 NAIC Company Code 95759 Employer's ID Number 38-2455176
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]

Incorporated 04/29/1982 Commenced Business 04/29/1982

Statutory Home Office 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 26711 Northwestern Highway, Suite 300
Southfield, MI 48034 248-386-3000
(City or Town, State and Zip Code) (Street and Number) (Area Code) (Telephone Number)

Mail Address 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 26711 Northwestern Highway, Suite 300
Southfield, MI 48034 248-386-3003
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.capehealth.com

Statutory Statement Contact THOMAS ASHFORD MURAR MR. 248-386-3003
(Name) (Area Code) (Telephone Number) (Extension)
tmurar@capehealth.com 248-945-9149
(E-mail Address) (FAX Number)

Policyowner Relations Contact 26711 Northwestern Highway
Southfield, MI 48034 248-386-3003
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President Nancy Wanchik Secretary William Brodhead
Treasurer Ralph Woronoff

VICE PRESIDENTS

Steve Stein MD Michele Lundberg Thomas Murar
Rodger Prong

DIRECTORS OR TRUSTEES

Nancy Wanchik William Brodhead Ralph Woronoff
Janis Coleman Lillian Bullard Etrue Bryant
Shirley Lightsey Thomas Murar Gladys Taylor
Susan Sarin

State ofMichigan.....

County ofMacomb.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Nancy Wanchik (President & Chief Operating Officer)
President

Susan Sarin (Chief Executive Officer)
Secretary

Thomas Murar (Chief Financial Officer)
Treasurer

Subscribed and sworn to before me this

12

day of

November, 2003

Linda Rusie

Notary Public

Macrh 26, 207

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE CAPE HEALTH PLAN, INC.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,000,000		1,000,000	1,004,000
2. Stocks:				
2.1 Preferred stocks .....			.0	.0
2.2 Common stocks .....			.0	.0
3. Mortgage loans on real estate:				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances).....	51,481	7,722	43,759	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$26,380,832) and short -term investments (\$0)	26,380,832		26,380,832	23,461,986
6. Contract loans, (including \$premium notes)			.0	
7. Other invested assets .....	.0	.0	.0	.0
8. Receivable for securities .....	.0		.0	.0
9. Aggregate write-ins for invested assets	3,125	.0	3,125	3,125
10. Subtotals, cash and invested assets (Lines 1 to 9)	27,435,438	7,722	27,427,716	24,469,111
11. Investment income due and accrued .....			.0	.0
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....			.0	.0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			.0	
12.3 Accrued retrospective premiums.....			.0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....			.0	.0
13.2 Funds held by or deposited with reinsured companies .....			.0	
13.3 Other amounts receivable under reinsurance contracts .....			.0	
14. Amounts receivable relating to uninsured plans .....			.0	.0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
15.2 Net deferred tax asset.....			.0	.0
16. Guaranty funds receivable or on deposit .....			.0	
17. Electronic data processing equipment and software	405,753	40,011	365,742	399,046
18. Furniture and equipment, including health care delivery assets (\$)	216,005	32,401	183,604	256,175
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivables from parent, subsidiaries and affiliates .....			.0	.0
21. Health care (\$) and other amounts receivable.....	1,780,147		1,780,147	2,161,332
22. Other assets nonadmitted	171,316	171,316	.0	.0
23. Aggregate write-ins for other than invested assets .....	.0	.0	.0	597,632
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	30,008,659	251,450	29,757,209	27,883,296
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. Total (Lines 24 and 25)	30,008,659	251,450	29,757,209	27,883,296
DETAILS OF WRITE-INS				
0901. Security Deposit.....	3,125		3,125	3,125
0902. Statutory Deposit.....			.0	.0
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	3,125	0	3,125	3,125
2301. Federal Income Tax.....			.0	404,091
2302. SBT.....	.0		.0	132,389
2303. Leasehold Improvement.....			.0	61,152
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	597,632

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	15,110,055		15,110,055	13,750,000
2. Accrued medical incentive pool and bonus payments	700,000		700,000	480,000
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	4,924,174		4,924,174	6,427,388
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	101,965		101,965	0
10.2 Net deferred tax liability.....	36,995		36,995	0
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	345,660
22. Total liabilities (Lines 1 to 21).....	20,873,189	0	20,873,189	21,003,048
23. Common capital stock	XXX	XXX	1,000	1,000
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	8,883,020	6,879,248
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23) \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24) \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	8,884,020	6,880,248
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	29,757,209	27,883,296
DETAILS OF WRITE-INS				
2101. Accrued Expenses.....	0		0	188,106
2102. Accrued PTO.....	0		0	118,694
2103. Deferred Income Tax.....	0		0	36,995
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	1,865
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	345,660
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	530,620	423,671
2. Net premium income (including non-health premium income).....	XXX	88,044,234	73,728,424
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	88,044,234	73,728,424
Hospital and Medical:			
9. Hospital/medical benefits		45,704,793	39,415,168
10. Other professional services		14,315,013	10,831,070
11. Outside referrals			0
12. Emergency room and out-of-area		5,263,832	4,533,375
13. Prescription drugs		12,026,462	7,822,276
14. Aggregate write-ins for other hospital and medical.....	0	0	1,364,929
15. Incentive pool and withhold adjustments		700,000	450,000
16. Subtotal (Lines 9 to 15)	0	78,010,100	64,416,818
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	78,010,100	64,416,818
19. Non-health claims			
20. Claims adjustment expenses		498,221	(33,139)
21. General administrative expenses.....		6,787,101	8,284,069
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	85,295,422	72,667,748
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	2,748,812	1,060,676
25. Net investment income earned		207,573	272,517
26. Net realized capital gains or (losses)			0
27. Net investment gains or (losses) (Lines 25 plus 26)	0	207,573	272,517
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	2,956,385	1,333,193
31. Federal and foreign income taxes incurred	XXX	1,005,183	453,285
32. Net income (loss) (Lines 30 minus 31)	XXX	1,951,202	879,908
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Patient Transportation.....		0	1,364,929
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	1,364,929
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting period	6,880,248	8,059,699
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	1,951,202	(137,421)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	52,570	207,970
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		(1,250,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	2,003,772	(1,179,451)
49. Capital and surplus end of reporting period (Line 33 plus 48)	8,884,020	6,880,248
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	88,044,234	101,434,147
2. Net investment income	207,573	358,251
3. Miscellaneous income	381,185	48,354
4. Total (Lines 1 to 3)	88,632,992	101,840,752
5. Benefits and loss related payments	76,430,045	90,023,760
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,788,536	10,291,971
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net tax on capital gains (losses)	866,223	9,019
10. Total (Lines 5 through 9)	86,084,804	100,324,750
11. Net cash from operations (Line 4 minus Line 10)	2,548,188	1,516,002
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	694,000	295,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	694,000	295,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	690,000	110,000
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	690,000	110,000
14. Net increase (or decrease) in policy loans and premium notes	0	
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	4,000	185,000
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	
16.2 Capital and paid in surplus, less treasury stock.....	0	
16.3 Borrowed funds received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	0	1,250,000
16.6 Other cash provided (applied).....	366,658	3,470,635
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	366,658	2,220,635
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	2,918,846	3,921,637
19. Cash and short-term investments:		
19.1 Beginning of period	23,461,986	19,540,349
19.2 End of period (Line 18 plus Line 19.1).....	26,380,832	23,461,986

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE CAPE HEALTH PLAN, INC.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	54,171	0	0	0	0	0	0	0	54,171				0
2 First Quarter	56,943	0	0	0	0	0	0	0	56,943	0	0	0	0
3 Second Quarter	59,056								59,056				
4. Third Quarter	63,083								63,083				
5. Current Year	0												
6 Current Year Member Months	530,620								530,620				
Total Member Ambulatory Encounters for Period:													
7. Physician	175,954								175,954				
8. Non-Physician	104,770								104,770				
9. Total	280,724	0	0	0	0	0	0	0	280,724	0	0	0	0
10. Hospital Patient Days Incurred	19,961								19,961				
11. Number of Inpatient Admissions	4,586								4,586				
12. Health Premiums Collected	88,044,234								88,044,234				
13. Life Premiums Direct.....	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	88,044,234								88,044,234				
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	64,776,717								64,776,717				
18. Amount Incurred for Provision of Health Care Services	78,010,100								78,010,100				

CLAIMS PAYABLE (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)					.0	.0
2. Medicare Supplement					.0	.0
3. Dental Only					.0	.0
4. Vision Only					.0	.0
5. Federal Employees Health Benefits Plan Premiums					.0	.0
6. Title XVIII - Medicare					.0	.0
7. Title XIX - Medicaid	10,868,761	64,776,717	2,881,239	12,228,816	13,750,000	13,750,000
8. Other Health					.0	.0
9. Health Subtotal (Lines 1 to 8)	10,868,761	64,776,717	2,881,239	12,228,816	13,750,000	13,750,000
10. Other non-health					.0	
11. Medical incentive pools, accruals and disbursements	784,567		.0	700,000	784,567	480,000
12. Totals	11,653,328	64,776,717	2,881,239	12,928,816	14,534,567	14,230,000

NOTES TO FINANCIAL STATEMENTS

These statements have not been completed in accordance with the NAIC Accounting Practices and Procedures Manual. The Commissioner of the State of Michigan Office of Financial and Insurance Services issued the following notification regarding reporting:

By Order 00-086-M dated November 15, 2000, the Commissioner adopted the NAIC Accounting Practices and Procedures Manual effective January 1, 2001, including appendices A - F and excluding Acturial Guideline XXXV in Appendix C. This order applied to fire and casualty insurers, life, accident, and health insurers, non-U.S. insurers, title insurers and fraternal benefit societies. For health maintenance organizations and alternative financing and delivery systems and dental service corporations, the Commissioner had delayed adoption of the NAIC Accounting Practices and Procedures Manual with an effective date of January 1, 2002. Effective January 1, 2003, these procedures were adopted to be applied to HMOs in a phased manner. Following are the salient features, per letter dated December 4, 2002, of the transitional application of these procedures:

- 1) SSAP 16: Electronic Data Processing Equipment and Software:
The aggregate amount of admitted EDP equipment and operating system software (net of depreciation) shall be limited to the following percentage of the reporting entity's capital and surplus:

Effective January 1, 2003	25%
Effective January 1, 2004	15%
Effective January 1, 2005	5%

Effective January 1, 2006, the requirements of SSAP 16 will be fully adopted.

- 2) SSAP 19: Furniture and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements
The reporting entity will be permitted to report as an admitted asset the following percentage of its book value of furniture and equipment and leasehold improvements:

Effective January 1, 2003	85%
Effective January 1, 2004	55%
Effective January 1, 2005	25%

Effective January 1, 2006, the requirements of SSAP 19 will be fully adopted.

- 3) SSAP 84: Certain Health Care Receivables and Receivables Under Government Insured Plans

Loans or advances to large hospitals or other providers are not permitted.

SSAP 84 assumes states would adopt codification effective 2001 and therefore, NAIC transitions no longer apply effective January 1, 2003. OFIS will extend these transitions another year. For pharmaceuticals and risk sharing receivables, the transitions will expire on invoices prior to January 1, 2004. Entities are expected to renegotiate their contracts with pharmacy benefit managers and providers to comply with the requirements of SSAP 84 for future reporting periods.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes [] No [X]
- 1.2

If yes, explain:
.....
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [] No [X]
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes [] No []
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 3.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes, attach an explanation.

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes [] No [] NA [X]
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/06/2000
- 7.4

By what department or departments?
OFFICE OF FINANCIAL AND INSURANCE SERVICES, STATE OF MICHIGAN.....
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 8.2

If yes, give full information:
.....
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [] No [X]
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
.....
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [] No [X]
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain:
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

13. Amount of real estate and mortgages held in short-term investments:\$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-term Investments	\$	\$
14.25 Mortgages, Loans or Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [X]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	61,152	74,026
2. Increase (decrease) by adjustment	(9,671)	(12,874)
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	51,481	61,152
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	51,481	61,152
11. Total nonadmitted amounts	7,722	0
12. Statement value, current period (Page 2, real estate lines, current period)	43,759	61,152

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	NONE	
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period		

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	NONE	
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period		

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,004,000	1,189,000
2. Cost of bonds and stocks acquired	690,000	110,000
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of	694,000	295,000
8. Amortization of premium		
9. Book/adjusted carrying value, current period	1,000,000	1,004,000
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	1,000,000	1,004,000
12. Total nonadmitted amounts		0
13. Statement value (Lines 11 minus 12)	1,000,000	1,004,000

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	1,000,000	0	0		1,001,000	1,000,000	1,000,000	1,004,000
2. Class 2	0				0	0	0	0
3. Class 3	0				0	0	0	0
4. Class 4	0				0	0	0	0
5. Class 5	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	1,000,000	0	0	0	1,001,000	1,000,000	1,000,000	1,004,000
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	1,000,000	0	0	0	1,001,000	1,000,000	1,000,000	1,004,000

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Fair Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals		XXX			

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....		
2. Cost of short-term investments acquired		
3. Increase (decrease) by adjustment		
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments		
7. Book/adjusted carrying value, current period		
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)		
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)		
12. Income collected during period		
13. Income earned during period		

SCHEDULE DB - PART F - SECTION 2

	Reconciliation of Replicated (Synthetic) Assets Open									
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-to-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replicated Asset Statement Value	XXX		XXX		XXX		XXX		XXX	
4. Less: Closed or Disposed of Transactions										
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX		XXX		XXX		XXX		XXX	
7. Ending Inventory										

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama	AL	No	No						
2. Alaska	AK	No	No						
3. Arizona	AZ	No	No						
4. Arkansas	AR	No	No						
5. California	CA	No	No						
6. Colorado	CO	No	No						
7. Connecticut	CT	No	No						
8. Delaware	DE	No	No						
9. District of Columbia	DC	No	No						
10. Florida	FL	No	No						
11. Georgia	GA	No	No						
12. Hawaii	HI	No	No						
13. Idaho	ID	No	No						
14. Illinois	IL	No	No						
15. Indiana	IN	No	No						
16. Iowa	IA	No	No						
17. Kansas	KS	No	No						
18. Kentucky	KY	No	No						
19. Louisiana	LA	No	No						
20. Maine	ME	No	No						
21. Maryland	MD	No	No						
22. Massachusetts	MA	No	No						
23. Michigan	MI	No	Yes			88,044,234			
24. Minnesota	MN	No	No						
25. Mississippi	MS	No	No						
26. Missouri	MO	No	No						
27. Montana	MT	No	No						
28. Nebraska	NE	No	No						
29. Nevada	NV	No	No						
30. New Hampshire	NH	No	No						
31. New Jersey	NJ	No	No						
32. New Mexico	NM	No	No						
33. New York	NY	No	No						
34. North Carolina	NC	No	No						
35. North Dakota	ND	No	No						
36. Ohio	OH	No	No						
37. Oklahoma	OK	No	No						
38. Oregon	OR	No	No						
39. Pennsylvania	PA	No	No						
40. Rhode Island	RI	No	No						
41. South Carolina	SC	No	No						
42. South Dakota	SD	No	No						
43. Tennessee	TN	No	No						
44. Texas	TX	No	No						
45. Utah	UT	No	No						
46. Vermont	VT	No	No						
47. Virginia	VA	No	No						
48. Washington	WA	No	No						
49. West Virginia	WV	No	No						
50. Wisconsin	WI	No	No						
51. Wyoming	WY	No	No						
52. American Samoa	AS	No	No						
53. Guam	GU	No	No						
54. Puerto Rico	PR	No	No						
55. U.S. Virgin Islands	VI	No	No						
56. Canada	CN	No	No						
57. Aggregate Other Alien	OT	XXX	XXX	.0	.0	.0	.0	.0	.0
58. Total (Direct Business)		XXX	(a) 1	0	0	88,044,234	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798. Summary of remaining write-ins for Line 57 from overflow page .....				.0	.0	.0	.0	.0	.0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Susan Sarin
Ultimate Controlling Party (UCP)

HCLB, Inc.
Holding Company
Tax ID: 38-3535959

Subsidiaries:

CAPE health Plan, Inc.
Licensed HMO - State of Michigan
Tax Id - 38-2455176

Springwater Management, Inc.
Tax ID: 38-3300867

Cape Management, Inc.
Tax ID: 38-3511552

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....Yes.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

MQ003 Additional Aggregate Lines for Page 03 Line 21.
*LIAB

2104.	Accrued Profit Sharing.....			0	0
2105.	Accrued 401(k) Match.....			0	1,865
2106.	Accrued Taxes.....			0	0
2197.	Summary of remaining write-ins for Line 21 from Page 03	0	0	0	1,865

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

1 Description of Property	2 Location		3 State	4 Date Acquired	5 Name of Vendor	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
					NONE				
99999999 - Totals									

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Current Quarter, including Payments during the Final Year on "Sales under Contract"

[illegible]

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED during the Current Quarter									
1	Location		4	5	6	7	8	9	10
	2	3							
Number of Units and Description	City	State	Name of Vendor	Date Acquired	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment
			NONE						
9999999 Totals									

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, transferred or paid in full during the Current Quarter												
1	Location		4	5	6	7	8	9	10	11	12	13
	2	3										
Number of Units and Description	City	State	Name of Purchaser or Nature of Disposition	Date Acquired	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book/Adjusted Carrying Value Less Encumbrances at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
			NONE									
9999999 Totals												

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

[illegible]

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	
					NONE									
2599999 - Subtotal - Hedging Transactions								XX						
2799999 - Subtotal - Other Derivative Transactions								XX						
9999999 - Totals								XX						

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis	Other Investment/ Miscellaneous Income

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE E - PART 1 - CASH

[illegible]